

NAMI NEW ORLEANS, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2013

NAMI NEW ORLEANS, INC.

Year Ended June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

Executive Director and Board of Directors
NAMI New Orleans, Inc.
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of NAMI New Orleans, Inc. (NAMI) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's

internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NAMI as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of activities by program is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2013, on our consideration of NAMI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NAMI's internal control over financial reporting and compliance.

Executive Director and Board of Directors
NAMI New Orleans, Inc.

Report on Summarized Comparative Information

We have previously audited NAMI's 2012 financial statements, and our report dated December 12, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Paciera, Gautreau & Priest LLC

December 11, 2013

PACIERA, GAUTREAU & PRIEST, LLC
CERTIFIED PUBLIC ACCOUNTANTS

NAMI NEW ORLEANS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013
(With Summarized Financial Information
at June 30, 2012)

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 198,220	\$ 552,713
Investments	668,421	290,400
Due from Federal and State agencies	290,950	136,709
Prepaid expenses	3,468	10,939
Due from Friends Alliance Housing II, Inc.	<u>6,478</u>	<u>0</u>
<i>Total Current Assets</i>	<u>1,167,537</u>	<u>990,761</u>
<u>PROPERTY AND EQUIPMENT</u>		
Land	87,205	87,205
Building and improvements	834,427	831,078
Office furniture and equipment	81,309	76,775
Transportation equipment	59,833	82,833
Household equipment	18,284	18,284
Educational, recreational and cultural equipment	<u>648</u>	<u>648</u>
<i>Total Property and Equipment</i>	1,081,706	1,096,823
Less: Accumulated depreciation	<u>463,736</u>	<u>473,721</u>
<i>Net Property and Equipment</i>	<u>617,970</u>	<u>623,102</u>
<u>OTHER ASSETS</u>		
Cash - Client funds	25,245	25,798
Assets held in Charitable Remainder Trust	239,326	251,979
Deposits	<u>3,123</u>	<u>3,123</u>
<i>Total Other Assets</i>	<u>267,694</u>	<u>280,900</u>
<i>Total Assets</i>	<u>\$2,053,201</u>	<u>\$1,894,763</u>

See accompanying notes to financial statements.

NAMI NEW ORLEANS, INC.
STATEMENT OF FINANCIAL POSITION
(Continued)
JUNE 30, 2013
(With Summarized Financial Information
at June 30, 2012)

	<u>2013</u>	<u>2012</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 4,630	\$ 4,089
Accrued expenses	43,263	39,826
Current maturities of long-term debt	0	25,696
Deferred revenue	<u>9,677</u>	<u>0</u>
<i>Total Current Liabilities</i>	<u>57,570</u>	<u>69,611</u>
<u>LONG-TERM DEBT</u>		
Non-current maturities	<u>0</u>	<u>0</u>
<u>OTHER LIABILITIES</u>		
Liability under unitrust agreement	64,958	71,867
Funds held on behalf of clients	<u>24,777</u>	<u>25,329</u>
<i>Total Other Liabilities</i>	<u>89,735</u>	<u>97,196</u>
<i>Total Liabilities</i>	<u>147,305</u>	<u>166,807</u>
<u>NET ASSETS</u>		
Unrestricted	1,723,003	1,538,369
Temporarily restricted	<u>182,893</u>	<u>189,587</u>
<i>Total Net Assets</i>	<u>1,905,896</u>	<u>1,727,956</u>
<i>Total Liabilities and Net Assets</i>	<u>\$2,053,201</u>	<u>\$1,894,763</u>

See accompanying notes to financial statements.

NAMI NEW ORLEANS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013
(With Summarized Financial Information
for the Year Ended June 30, 2012)

	<u>Unrestricted</u>
<u>SUPPORT, REVENUE, AND GAINS</u>	
Support:	
Membership dues	\$ 13,883
Donations	50,323
Fund-raiser	147,682
Miscellaneous	<u>0</u>
<i>Total Support</i>	<u>211,888</u>
Revenue and Gains:	
Fees for services	1,836,976
Management fees	20,180
Gain on disposal of assets	0
Realized/unrealized gains on investments	27,092
Change in split-interest agreement	0
Rental income	21,881
Investment income	3,461
Net assets released from restriction	<u>950</u>
<i>Total Revenue and Gains</i>	<u>1,910,540</u>
<i>Total Support, Revenue, and Gains</i>	<u>2,122,428</u>
<u>EXPENSES</u>	
Program Services:	
Intensive Case Management	352,157
Case management	105,754
Housing	196,564
Drop-in Centers	52,637
Newport Place	0
Uptown Friendship Club	248,017
Rehabilitation	185,856
Supervised Adult Independent Living (SAIL)	365,538
Database	950
New Day	179,391
Education	<u>11,672</u>
<i>Total Program Services</i>	<u>1,698,536</u>
Supporting Services:	
Trust and administrative	157,058
Fund raising	<u>82,200</u>
<i>Total Supporting Services</i>	<u>239,258</u>
<i>Total Expenses</i>	<u>1,937,794</u>
<u>INCREASE IN NET ASSETS</u>	184,634
Net Assets - Beginning of Year	<u>1,538,369</u>
Net Assets - End of Year	<u>\$1,723,003</u>

See accompanying notes to financial statements.

<u>2013</u>		<u>2012</u>
<u>Temporarily</u>	<u>Total</u>	<u>Total</u>
<u>Restricted</u>		
\$ 0	\$ 13,883	\$ 4,785
0	50,323	10,000
0	147,682	70,582
<u>0</u>	<u>0</u>	<u>1,753</u>
<u>0</u>	<u>211,888</u>	<u>87,120</u>
0	1,836,976	1,790,893
0	20,180	19,144
0	0	49,890
0	27,092	5,998
(5,744)	(5,744)	602
0	21,881	37,499
0	3,461	3,670
<u>(950)</u>	<u>0</u>	<u>0</u>
<u>(6,694)</u>	<u>1,903,846</u>	<u>1,907,696</u>
<u>(6,694)</u>	<u>2,115,734</u>	<u>1,994,816</u>
0	352,157	486,401
0	105,754	109,359
0	196,564	194,745
0	52,637	48,932
0	0	4,993
0	248,017	156,792
0	185,856	401,037
0	365,538	361,271
0	950	525
0	179,391	91,292
<u>0</u>	<u>11,672</u>	<u>0</u>
<u>0</u>	<u>1,698,536</u>	<u>1,855,347</u>
0	157,058	39,301
<u>0</u>	<u>82,200</u>	<u>9,878</u>
<u>0</u>	<u>239,258</u>	<u>49,179</u>
<u>0</u>	<u>1,937,794</u>	<u>1,904,526</u>
(6,694)	177,940	90,290
<u>189,587</u>	<u>1,727,956</u>	<u>1,637,666</u>
<u>\$182,893</u>	<u>\$1,905,896</u>	<u>\$1,727,956</u>

NAMI NEW ORLEANS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013
(With Summarized Financial Information
for the Year Ended June 30, 2012)

	Intensive Case Manage- ment	Case Manage- ment	Housing	Drop-in Centers	Edu- cation	Program Services Uptown Friend- ship Club	Rehabil- itation
Advertising	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,332
Bad debt	0	0	0	0	0	0	0
Bank charges	0	0	0	0	0	0	0
Client assistance	(13)	0	93,363	0	0	0	0
Depreciation	1,125	225	400	4,600	0	9,965	9,100
Donations	0	0	0	0	0	0	0
Dues and subscriptions	0	0	500	0	0	340	378
Employee benefits	31,433	10,549	8,621	0	0	15,933	9,633
Field travel	20,977	5,994	1,736	543	57	410	599
Fund-raising	0	0	0	0	0	0	0
Insurance	17,000	2,266	5,600	1,624	0	13,000	985
Interest	0	0	0	0	0	0	0
Maintenance and repairs	553	0	1,612	2,655	0	9,900	9,994
Management fees - Allocated	0	9,217	7,307	2,578	0	0	0
Miscellaneous	306	0	0	0	0	442	3,238
Office supplies	1,861	163	1,026	0	87	1,780	2,265
Other supplies	678	0	(14)	5,053	437	6,659	2,471
Payroll taxes	25,909	6,830	7,593	3,676	0	19,215	8,568
Postage	0	0	0	0	0	0	276
Printing	170	0	0	0	5,862	0	0
Professional fees	5,819	500	1,950	542	4,787	6,534	2,303
Rent	15,180	3,000	0	2,400	0	0	0
Retirement	0	0	0	0	0	0	0
Salaries	226,280	64,505	65,061	26,750	0	153,045	129,205
Taxes and licenses	0	0	0	0	0	50	0
Telephone	4,155	1,674	462	1,205	0	4,529	2,154
Training	724	0	0	35	442	195	215
Utilities	0	831	1,347	976	0	6,020	3,140
Total	\$352,157	\$105,754	\$196,564	\$52,637	\$11,672	\$248,017	\$185,856

See accompanying notes to financial statements.

			Supporting Services		Trust and Adminis- trative		Total Supporting Services		Total 2013		Total 2012	
<u>SAIL</u>	<u>Data Base</u>	<u>New Day</u>	<u>Total Program Services</u>	<u>Fund- Raising</u>								
\$ 0	\$ 0	\$ 0	\$ 1,332	\$ 0	\$ 550	\$ 550	\$ 1,882	\$ 0				
0	0	0	0	0	0	0	0	500				
0	0	0	0	0	217	217	217	257				
300	0	2,395	96,045	0	0	0	96,045	101,426				
2,400	0	405	28,220	0	5,175	5,175	33,395	38,953				
0	0	0	0	0	1,020	1,020	1,020	500				
0	0	1,000	2,218	0	920	920	3,138	1,730				
20,718	0	15,256	112,143	0	8,388	8,388	120,531	133,409				
25,417	0	7,827	63,560	0	500	500	64,060	76,549				
0	0	0	0	82,141	0	82,141	82,141	9,474				
6,439	0	5,200	52,114	0	12,685	12,685	64,799	57,062				
0	0	0	0	0	910	910	910	5,738				
490	0	52	25,256	0	865	865	26,121	34,370				
30,744	0	2,279	52,125	0	(52,125)	(52,125)	0	(486)				
0	0	0	3,986	0	(4,503)	(4,503)	(517)	2,904				
2,765	0	10,623	20,570	0	(2,180)	(2,180)	18,390	20,787				
1,445	0	130	16,859	0	4,202	4,202	21,061	20,385				
24,620	0	11,427	107,838	0	11,136	11,136	118,974	110,945				
0	0	0	276	0	2,842	2,842	3,118	3,077				
158	0	0	6,190	0	1,301	1,301	7,491	2,484				
2,350	925	618	26,328	59	24,243	24,302	50,630	33,988				
12,000	0	3,500	36,080	0	(20,900)	(20,900)	15,180	15,180				
0	0	0	0	0	30,000	30,000	30,000	30,000				
223,922	25	111,802	1,000,595	0	122,163	122,163	1,122,758	1,146,854				
0	0	0	50	0	120	120	170	7,551				
7,979	0	3,048	25,206	0	2,732	2,732	27,938	28,912				
1,289	0	0	2,900	0	4,293	4,293	7,193	2,942				
2,502	0	3,829	18,645	0	2,504	2,504	21,149	19,035				
<u>\$365,538</u>	<u>\$ 950</u>	<u>\$179,391</u>	<u>\$1,698,536</u>	<u>\$82,200</u>	<u>\$157,058</u>	<u>\$239,258</u>	<u>\$1,937,794</u>	<u>\$1,904,526</u>				

NAMI NEW ORLEANS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2013
(With Summarized Financial Information
for the Year Ended June 30, 2012)

	<u>2013</u>	<u>2012</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in net assets	\$ 177,940	\$ 90,290
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	33,395	38,953
Net (gain) on investments	(27,092)	(9,064)
Net (increase)decrease in receivables and prepaid expenses	(146,770)	50,788
Net increase in accounts payable	541	4,089
Net increase in accrued liabilities	3,437	9,693
Change in split-interest agreement	5,744	(601)
Net decrease in cash - Client funds	553	7,417
Net (decrease) in funds held on behalf of clients	(552)	(7,417)
Gain on disposal of assets	0	(49,890)
Net increase in deferred revenue	<u>9,677</u>	<u>0</u>
Net Cash Provided by Operating Activities	<u>56,873</u>	<u>134,258</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments	(641,329)	0
Purchase of property and equipment	(28,263)	0
Proceeds from sale of assets	0	176,534
(Loan)- Repayment of amount due (to) from affiliates	(6,478)	7,487
Proceeds from sale of investments	<u>290,400</u>	<u>0</u>
Net Cash Provided by (Used for) Investing Activities	<u>(385,670)</u>	<u>184,021</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayment of notes payable	<u>(25,696)</u>	<u>(150,982)</u>
Net Cash (Used for) Financing Activities	<u>(25,696)</u>	<u>(150,982)</u>
Net increase (decrease) in Cash and Cash Equivalents	(354,493)	167,297
Cash and Cash Equivalents -		
Beginning of Year	<u>552,713</u>	<u>385,416</u>
End of Year	<u>\$ 198,220</u>	<u>\$ 552,713</u>

See accompanying notes to financial statements.

NAMI NEW ORLEANS, INC.
STATEMENT OF CASH FLOWS
(Continued)
YEAR ENDED JUNE 30, 2013
(With Summarized Financial Information
for the Year Ended June 30, 2012)

	<u>2013</u>	<u>2012</u>
<u>Supplemental Disclosures of Cash Flow Information</u>		
Cash paid during the year for -		
Interest	\$ <u>910</u>	\$ <u>5,738</u>
Income taxes	\$ <u>0</u>	\$ <u>0</u>

See accompanying notes to financial statements.

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

A. Description of Organization

Nature of Activities

NAMI New Orleans, Inc. ("NAMI") is a non-profit organization which operates in the New Orleans Metropolitan Area. It has several contracts with the Metropolitan Human Services District and Jefferson Parish Human Services Authority and also receives other funding from fees, dues, donations and fund-raising. NAMI is dedicated to creating an environment to help individuals who have been socially and vocationally disabled by mental illness to achieve or regain the confidence and skills to live vocationally productive and socially satisfying lives.

B. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of NAMI have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Under U.S. generally accepted accounting principles, NAMI is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the *Statement of Cash Flows*, NAMI considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Fair Value Measurements

Generally accepted accounting principles require the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2013

Summary of Significant Accounting Policies (Cont'd)

Fair Value Measurements (Cont'd)

or liability, either directly or indirectly (Level 2); and unobservable inputs form the asset or liability (Level 3).

Property and Equipment

NAMI capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are carried at cost; donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Net Assets

Net assets are included in one of the following three classes of net assets, depending on the presence and type of donor-imposed restrictions.

Unrestricted Net Assets - Those net assets whose use is not restricted by donors.

Temporarily Restricted Net Assets - Those net assets whose use has been limited by donors (a) to later periods of time or after specified dates, or (b) to specific purposes.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that resources be maintained permanently.

NAMI has no permanently restricted assets, liabilities or activities.

Medicaid

NAMI receives Medicaid funding under a fixed price arrangement. These amounts are specifically excluded from OMB Circular A-133 audit requirements. Medicaid funds totaling \$641,485 were recorded in 2013 and are included in 'Fees for services' in the accompanying *Statement of Activities*.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the *Statement of Activities* and in the *Statement of Functional Expenses*. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2013

Summary of Significant Accounting Policies (Cont'd)

Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with NAMI's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

Investments

Under U.S. generally accepted accounting principles, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the *Statement of Financial Position*. Unrealized gains and losses are included in the changes in unrestricted or temporarily restricted net assets, depending on whether or not there are donor-imposed restrictions on the gains and losses.

Income Taxes

NAMI is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to NAMI's tax-exempt purpose is subject to taxation as unrelated business income. NAMI had no unrelated business income for the year ended June 30, 2013. In addition, NAMI has been classified by the Internal Revenue Service as an organization other than a private foundation under Section 509(a)(2).

Subsequent Events

Subsequent events have been evaluated through December 11, 2013, which is the date the financial statements were available to be issued.

C. Investments

Investments in equity securities with readily determinable fair market values and all investments in debt securities are stated at fair value, which is based on quoted market prices for those investments.

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2013

Investments (Cont'd)

At June 30, 2013, investments held by NAMI consisted of the following:

Money Market Account	\$505,137
Mutual Funds	112,958
Alternative Investment	<u>50,326</u>
	<u>\$668,421</u>

Investment income for the year ended June 30, 2013, is classified as *Unrestricted* in the *Statement of Activities* and consists of:

Interest and realized/unrealized gains on investments	<u>\$30,553</u>
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D. Due from Federal and State Agencies

Due from Federal and State agencies at June 30, 2013 is summarized as follows:

Department of Housing and Urban Development	\$ 13,101
Office of Human Services, Division of Mental Health	196,754
Medicaid	<u>81,095</u>
<i>Total</i>	<u>\$290,950</u>

Management considers all receivables for the year ended June 30, 2013 to be collectible; accordingly, no allowance for doubtful accounts was provided.

E. Property and Equipment

The related lives and accumulated depreciation for each category of assets is as follows:

<u>Asset</u>	<u>Life</u>	<u>Accumulated Depreciation</u>
Building and improvements	7 - 30 years	\$325,148
Office furniture and equipment	5 - 10 years	78,062
Transportation equipment	5 years	39,791
Household equipment	5 - 7 years	18,284
Educational, recreational, and cultural equipment	7 years	648
Land improvements	20 years	<u>1,803</u>
		<u>\$463,736</u>

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2013

F. Split-Interest Agreement

NAMI administers a charitable remainder trust (the "Trust"). A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for NAMI's use. The portion of the trust attributable to the present value of the future benefits to be received by NAMI is recorded in the *Statement of Activities* as a temporarily restricted contribution. Assets held in the charitable remainder trust totaled \$239,326 at June 30, 2013, and are reported at fair market value in NAMI's *Statement of Financial Position*. On an annual basis, NAMI revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments (\$64,958 at June 30, 2013) is calculated using a discount rate of 5% and applicable mortality tables.

G. Long-term Debt/Line of Credit

NAMI's obligations under mortgages and notes payable consist of the following:

On June 1, 2008, NAMI entered into an agreement with the Trust to refinance a portion of their debt. The financing was in the amount of \$114,000, with interest at 6.25% per annum. The note is payable in 60 monthly installments of \$2,217. The outstanding balance on this loan at June 30, 2013 was \$-0-. This loan was paid in full in 2013.

NAMI has a \$100,000 line of credit with a bank. This line was extended on July 2, 2013 and has a variable interest rate.

H. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Restricted for life of donor:	
Charitable remainder trust	\$174,368
Data Base grant	<u>8,525</u>
	<u>\$182,893</u>

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2013

I. Concentration of Credit Risk/Major Customers

Contracts with the State of Louisiana, Orleans and Jefferson Parishes, all of which are renewable annually, totaled \$1,038,424, or approximately 56% of service fee income.

Funds recorded from Medicaid totaled \$641,485, or approximately 34% of service fee income.

Funds recorded from the Department of Housing and Urban Development (HUD) totaled \$157,093, or approximately 8% of service fee income.

At June 30, 2013, unsecured receivables from these agencies totaled \$290,950. Financial instruments that potentially subject NAMI to credit risk include these accounts receivable, which are shown as "Due from Federal and State Agencies".

J. Retirement Plan

NAMI offers a 401(k) plan to its employees. Employees electing to participate in the plan may elect to defer up to a maximum of 15% of compensation. The plan allows NAMI to make a discretionary match.

NAMI contributed \$30,000 to the retirement plan for the year ended June 30, 2013.

K. Related Party Transactions

NAMI is paid a management fee to oversee the operations of Friends Alliance Housing, Inc., a related entity. There was \$5,317 of management fees for the year ended June 30, 2013.

NAMI loaned \$6,478 for a vehicle to Friends Alliance Housing II, Inc. ("FAHI, II"), a related entity. This loan is non-interest-bearing and has no repayment terms. The balance on this loan at June 30, 2013 was \$6,478. In addition, FAHI, II incurred \$5,588 in management fees.

NAMI has entered into financing agreements with the Trust. See Note G for descriptions of these transactions.

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2013

L. Fair Value Measurements

Fair values of assets measured on a recurring basis at June 30, 2013 are as follows:

	Fair Value Measurements at Reporting Date Using:			
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
Assets:				
Investments:				
Money market	\$505,137	\$505,137	\$ 0	\$ 0
Mutual funds	112,958	112,958	0	0
Alternative investment	<u>50,326</u>	<u>0</u>	<u>0</u>	<u>50,326</u>
Total	<u>\$668,421</u>	<u>\$618,095</u>	<u>\$ 0</u>	<u>\$50,326</u>
Assets held in Charitable remainder trust:				
Money fund	\$239,326	\$239,326	\$ 0	\$ 0
Total	<u>\$239,326</u>	<u>\$239,326</u>	<u>\$ 0</u>	<u>\$ 0</u>
Liabilities:				
Liability under unitrust agreement	\$64,958	\$ 0	\$ 0	\$64,958
Total	<u>\$64,958</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$64,958</u>
Assets Investments Alternative:				
Beginning balance				\$ 0
Purchases				<u>50,326</u>
Ending Balance				<u>\$50,326</u>
Liability under unitrust agreement:				
Beginning balance				\$71,867
Change in liability under unitrust agreement				<u>(6,909)</u>
Ending balance				<u>\$64,958</u>

NAMI NEW ORLEANS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 2013

Fair Value Measurements (Cont'd)

Reconciliation of change in split interest agreement reported on
the *Statement of Activities*:

Change in fair value of assets held in charitable remainder trust	\$12,653
Change in liability under unitrust agreement	<u>(6,909)</u>
	<u>\$ 5,744</u>

M. Functional Expenses

NAMI allocates management fees and occupancy expenses as per the
requirements of the various contracts for expense purposes.

SUPPLEMENTARY INFORMATION

NAMI NEW ORLEANS, INC.
SCHEDULE OF ACTIVITIES - BY PROGRAM
YEAR ENDED JUNE 30, 2013

	Intensive Case Manage- ment	Case Manage- ment	Housing	Drop-in Center	Education
<u>SUPPORT, REVENUE, AND GAINS</u>					
Support:					
Membership dues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Donations	0	0	0	23,520	11,672
Fund-raiser	0	0	0	0	0
Miscellaneous	0	0	0	0	0
Revenue and Gains:					
Fees for services	531,967	106,381	157,093	28,000	0
Management fees	0	0	28,337	0	0
Investment income	0	0	0	0	0
Change in split-interest agreement	0	0	0	0	0
Gain on disposal of assets	0	0	0	0	0
Unrealized gains on investment	0	0	0	0	0
Rental income	0	0	21,881	0	0
<i>Total Support, Revenue, and Gains</i>	<u>531,967</u>	<u>106,381</u>	<u>207,311</u>	<u>51,520</u>	<u>11,672</u>
<u>EXPENSES</u>					
Advertising	0	0	0	0	0
Bank charges	0	0	0	0	0
Client assistance	(13)	0	93,363	0	0
Depreciation	1,125	225	400	4,600	0
Donations	0	0	0	0	0
Dues and subscriptions	0	0	500	0	0
Employee benefits	31,433	10,549	8,621	0	0
Field travel	20,977	5,994	1,736	543	57
Fund-raising	0	0	0	0	0
Insurance	17,000	2,266	5,600	1,624	0
Interest	0	0	0	0	0
Maintenance and repairs	553	0	1,612	2,655	0
Management fees	0	9,217	7,307	2,578	0
Miscellaneous	306	0	0	0	0
Office supplies	1,861	163	1,026	0	87
Other supplies	678	0	(14)	5,053	437
Payroll taxes	25,909	6,830	7,593	3,676	0
Postage	0	0	0	0	0
Printing	170	0	0	0	5,862
Professional fees	5,819	500	1,950	542	4,787
Rent	15,180	3,000	0	2,400	0
Retirement	0	0	0	0	0
Salaries	226,280	64,505	65,061	26,750	0
Taxes and licenses	0	0	0	0	0
Telephone	4,155	1,674	462	1,205	0
Training	724	0	0	35	442
Utilities	0	831	1,347	976	0
<i>Total Expenses</i>	<u>352,157</u>	<u>105,754</u>	<u>196,564</u>	<u>52,637</u>	<u>11,672</u>
INCREASE (DECREASE) IN NET ASSETS	<u>179,810</u>	<u>627</u>	<u>10,747</u>	<u>(1,117)</u>	<u>0</u>

<u>Uptown Friendship Club</u>	<u>Rehabil- itation</u>	<u>SAIL</u>	<u>Data Base</u>	<u>New Day</u>	<u>Fund- raising</u>	<u>Trust and Adminis- trative</u>	<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,883	\$ 13,883
13,651	0	0	0	0	0	1,480	50,323
0	0	0	0	0	147,682	0	147,682
0	0	0	0	0	0	0	0
438,017	234,957	369,023	0	183,564	0	(212,026)	1,836,976
0	0	0	0	0	0	(8,157)	20,180
0	0	0	0	0	0	3,461	3,461
0	0	0	0	0	0	(5,744)	(5,744)
0	0	0	0	0	0	0	0
0	0	0	0	0	0	27,092	27,092
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>21,881</u>
<u>451,668</u>	<u>234,957</u>	<u>369,023</u>	<u>0</u>	<u>183,564</u>	<u>147,682</u>	<u>(180,011)</u>	<u>2,115,734</u>
0	1,332	0	0	0	0	550	1,882
0	0	0	0	0	0	217	217
0	0	300	0	2,395	0	0	96,045
9,965	9,100	2,400	0	405	0	5,175	33,395
0	0	0	0	0	0	1,020	1,020
340	378	0	0	1,000	0	920	3,138
15,933	9,633	20,718	0	15,256	0	8,388	120,531
410	599	25,417	0	7,827	0	500	64,060
0	0	0	0	0	82,141	0	82,141
13,000	985	6,439	0	5,200	0	12,685	64,799
0	0	0	0	0	0	910	910
9,900	9,994	490	0	52	0	865	26,121
0	0	30,744	0	2,279	0	(52,125)	0
442	3,238	0	0	0	0	(4,503)	(517)
1,780	2,265	2,765	0	10,623	0	(2,180)	18,390
6,659	2,471	1,445	0	130	0	4,202	21,061
19,215	8,568	24,620	0	11,427	0	11,136	118,974
0	276	0	0	0	0	2,842	3,118
0	0	158	0	0	0	1,301	7,491
6,534	2,303	2,350	925	618	59	24,243	50,630
0	0	12,000	0	3,500	0	(20,900)	15,180
0	0	0	0	0	0	30,000	30,000
153,045	129,205	223,922	25	111,802	0	122,163	1,122,758
50	0	0	0	0	0	120	170
4,529	2,154	7,979	0	3,048	0	2,732	27,938
195	215	1,289	0	0	0	4,293	7,193
<u>6,020</u>	<u>3,140</u>	<u>2,502</u>	<u>0</u>	<u>3,829</u>	<u>0</u>	<u>2,504</u>	<u>21,149</u>
<u>248,017</u>	<u>185,856</u>	<u>365,538</u>	<u>950</u>	<u>179,391</u>	<u>82,200</u>	<u>157,058</u>	<u>1,937,794</u>
<u>203,651</u>	<u>49,101</u>	<u>3,485</u>	<u>(950)</u>	<u>4,173</u>	<u>65,482</u>	<u>(337,069)</u>	<u>177,940</u>

NAMI NEW ORLEANS, INC.
SCHEDULE OF ACTIVITIES - BY PROGRAM
YEAR ENDED JUNE 30, 2012

	Intensive Case Manage- ment	Case Manage- ment	Housing	Drop-in Center	Newport Place
<u>SUPPORT, REVENUE, AND GAINS</u>					
Support:					
Membership dues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Donations	0	0	0	0	0
Fund-raiser	0	0	0	0	0
Miscellaneous	0	0	0	0	0
Revenue and Gains:					
Fees for services	473,529	104,119	157,092	27,765	0
Management fees	0	0	19,144	0	0
Investment income	0	0	604	0	0
Change in split-interest agreement	0	0	0	0	0
Gain on disposal of assets	0	0	0	0	49,890
Unrealized gains on investment	0	0	0	0	0
Rental income	<u>0</u>	<u>0</u>	<u>28,567</u>	<u>0</u>	<u>8,932</u>
Total Support, Revenue, and Gains	<u>473,529</u>	<u>104,119</u>	<u>205,407</u>	<u>27,765</u>	<u>58,822</u>
<u>EXPENSES</u>					
Bad debt	500	0	0	0	0
Bank charges	80	0	(25)	0	0
Client assistance	2,334	0	98,862	0	0
Depreciation	2,237	1,197	4,980	570	2,077
Donations	0	0	0	0	0
Dues and subscriptions	0	0	500	0	0
Employee benefits	37,961	10,597	8,212	0	0
Field travel	31,949	7,953	2,372	43	0
Fund-raising	0	0	0	0	0
Insurance	18,592	3,726	6,348	2,553	(2,349)
Interest	0	0	0	0	2,928
Maintenance and repairs	1,060	320	0	5,131	1,796
Management fees	22,316	543	6,803	1,528	0
Miscellaneous	(120)	0	0	1	(1)
Office supplies	4,732	0	42	351	0
Other supplies	810	205	0	3,893	0
Payroll taxes	30,461	6,744	7,071	3,056	86
Postage	125	0	0	0	0
Printing	530	0	0	0	0
Professional fees	7,434	1,254	2,204	328	0
Rent	15,180	2,997	0	2,403	0
Retirement	0	0	0	0	0
Salaries	300,842	71,234	56,238	24,619	0
Taxes and licenses	3,485	0	0	0	0
Telephone	4,832	2,312	253	1,354	0
Training	991	0	0	0	0
Utilities	<u>70</u>	<u>277</u>	<u>885</u>	<u>3,102</u>	<u>456</u>
Total Expenses	<u>486,401</u>	<u>109,359</u>	<u>194,745</u>	<u>48,932</u>	<u>4,993</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ (12,872)</u>	<u>\$ (5,240)</u>	<u>\$ 10,662</u>	<u>\$ (21,167)</u>	<u>\$ 53,829</u>

<u>Uptown Friendship Club</u>	<u>Rehabil- itation</u>	<u>SAIL</u>	<u>Data Base</u>	<u>New Day</u>	<u>Fund- raising</u>	<u>Trust and Adminis- trative</u>	<u>Total</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,785	\$ 4,785
0	0	0	10,000	0	0	0	10,000
0	0	0	0	0	70,582	0	70,582
0	0	0	0	0	0	1,753	1,753
140,497	425,166	362,235	0	100,490	0	0	1,790,893
0	0	0	0	0	0	0	19,144
0	0	0	0	0	0	3,066	3,670
0	0	0	0	0	0	602	602
0	0	0	0	0	0	0	49,890
0	0	0	0	0	0	5,998	5,998
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>37,499</u>
<u>140,497</u>	<u>425,166</u>	<u>362,235</u>	<u>10,000</u>	<u>100,490</u>	<u>70,582</u>	<u>16,204</u>	<u>1,994,816</u>
0	0	0	0	0	0	0	500
12	33	29	0	0	0	128	257
0	0	150	0	80	0	0	101,426
6,168	12,498	7,605	0	0	0	1,621	38,953
0	0	0	0	0	0	500	500
0	680	0	0	0	0	550	1,730
12,673	31,622	24,773	0	7,571	0	0	133,409
740	2,281	24,896	0	4,128	0	2,187	76,549
0	0	0	0	0	9,474	0	9,474
5,520	16,210	13,455	0	3,033	0	(10,026)	57,062
0	0	0	0	0	0	2,810	5,738
9,410	12,207	483	0	173	0	3,790	34,370
2,054	0	6,357	0	5,407	0	(45,494)	(486)
406	40	34	0	100	0	2,444	2,904
2,826	2,808	2,662	0	2,869	101	4,396	20,787
4,843	7,050	632	0	0	0	2,952	20,385
9,313	21,890	23,141	0	7,685	0	1,498	110,945
0	183	90	0	0	0	2,679	3,077
0	381	57	0	0	203	1,313	2,484
2,189	7,468	5,317	0	69	100	7,625	33,988
0	0	12,000	0	800	0	(18,200)	15,180
0	0	0	0	0	0	30,000	30,000
93,192	272,361	228,009	525	57,199	0	42,635	1,146,854
50	3,820	0	0	0	0	196	7,551
3,136	5,295	8,198	0	1,274	0	2,258	28,912
0	0	1,322	0	0	0	629	2,942
<u>4,260</u>	<u>4,210</u>	<u>2,061</u>	<u>0</u>	<u>904</u>	<u>0</u>	<u>2,810</u>	<u>19,035</u>
<u>156,792</u>	<u>401,037</u>	<u>361,271</u>	<u>525</u>	<u>91,292</u>	<u>9,878</u>	<u>39,301</u>	<u>1,904,526</u>
<u>\$(16,295)</u>	<u>\$ 24,129</u>	<u>\$ 964</u>	<u>\$ 9,475</u>	<u>\$ 9,198</u>	<u>\$60,704</u>	<u>\$(23,097)</u>	<u>\$ 90,290</u>

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Executive Director and Board of Directors
NAMI New Orleans, Inc.
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of NAMI New Orleans, Inc. (a nonprofit organization) ("NAMI") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NAMI's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NAMI's internal control. Accordingly, we do not express an opinion on the effectiveness of NAMI's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NAMI's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the NAMI's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NAMI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Paciera, Gautreau & Priest LLC

December 11, 2013

PACIERA, GAUTREAU & PRIEST, LLC
CERTIFIED PUBLIC ACCOUNTANTS

NAMI NEW ORLEANS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2013

FINDINGS - FINANCIAL STATEMENTS AUDIT

None